

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NORTH CAROLINA
FAYETTEVILLE DIVISION**

IN RE:

**FIRST BAPTIST HOUSING
DEVELOPMENT CORPORATION**

**CASE NO. 18-05719-5-DMW
CHAPTER 11**

DEBTOR.

**RESPONSE TO MOTION FOR APPOINTMENT OF FINANCIAL MONITOR AND TO
HOLD REMAINING INSURANCE PROCEEDS IN ESCROW**

NOW COMES the Debtor, First Baptist Housing Development Corporation (the “Debtor”), by and through undersigned counsel, and responds to the Motion for Appointment of Financial Monitor and to Hold Remaining Insurance Proceeds in Escrow (hereinafter “Motion”) filed by Skyline Restoration, Inc. (“Skyline”) as follows:

1. The Debtor filed a voluntary petition seeking relief under chapter 11 of the Bankruptcy Code on November 28, 2018, and currently operates as a Debtor-in-Possession.
2. The Debtor is a North Carolina nonprofit corporation with its principal place of business located in Lumberton, North Carolina.
3. The Debtor operates a 40 unit apartment complex that is regulated by the United States Department of Housing and Urban Development (“HUD”) as to rental rates and operating methods.
4. In its Motion, Skyline requests a financial monitor be appointed to review the Debtor’s finances and to establish an escrow account for certain insurance proceeds. In addition, Skyline asserts that the Debtor continues to use insurance proceeds to pay contractors.
5. Upon information and belief, the Debtor’s secured lender, Berkadia Commercial Mortgage (“Berkadia”) is holding approximately \$20,000.00 of insurance proceeds. However, the Debtor does not have access to these funds without approval from both HUD and Berkadia.

6. Because of the Debtor's lack of access and control over these funds, it does not appear that a financial monitor is necessary.

7. The Debtor has completed repairs and is no longer paying contractors for work related to Hurricane Matthew.

8. As to the necessity of a financial monitor for the Debtor's finances, the Debtor is heavily regulated by HUD and submits monthly reports that Skyline can review.

9. To appease Skyline and in the interest of the nonprofit Debtor's limited financial resources, the Debtor is compiling a list of paid expenses related to Hurricane Matthew and will provide to Skyline, the Bankruptcy Administrator, and any other party-in-interest.

WHEREFORE, based upon the foregoing, the Debtor respectfully requests that the *Motion for Appointment of Financial Monitor and to Hold Remaining Insurance Proceeds in Escrow filed by Skyline Restoration, Inc.* be **DENIED** and for such further relief as the Court deems necessary and proper.

Respectfully submitted this, the 26th day of February, 2019.

STUBBS & PERDUE, P.A.

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Counsel for Debtor

CERTIFICATE OF SERVICE

The undersigned hereby certifies, that on the 26th day of February, 2019, a true and accurate copy of the foregoing was electronically filed with the CM/ECF system, copies of which were remitted to the following CM/ECF participants:

Brian Behr
BANKRUPTCY ADMINISTRATOR

The undersigned further certifies that a true and accurate copy of the foregoing was deposited with the United States Postal Service in an envelope, bearing sufficient postage for mailing via first-class mail delivery, properly addressed as follows:

First Baptist Housing Development Corp.	Gregory P. Chocklett
Attn: Wixie Stephens, Chairperson	Law Offices of Gregory Chocklett
Board of Trustees	711 Harvey Street
504 West 2 nd Street	Raleigh, NC 27608
Lumberton, NC 28358	<i>Counsel for Skyline</i>

Executed this, the 26th day of February, 2019.

s/William H. Kroll

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